Saskatchewan - Dept. Repts. c. 2

Government of Saskatchewan

Annual Report 1981-82

Saskatchewan Public Employees Superannuation Plan

Regina, Saskatchewan
June 30, 1982

His Honour C. Irwin McIntosh
Lieutenant Governor
Province of Saskatchewan

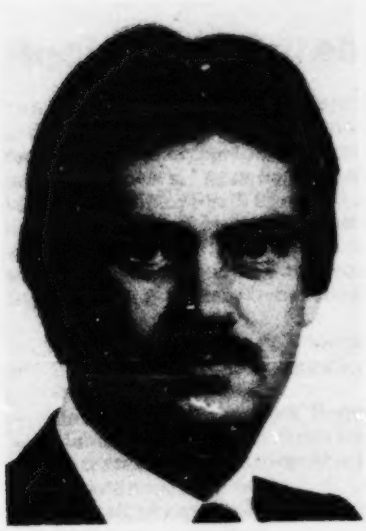
Sir:

I have the honour to transmit herewith the fifth Annual Report of the Public Employees (Government Contributory) Superannuation Plan for the fiscal year ended March 31, 1982.

I have the honour to be, Sir.

Your Obedient Servant

Bob Andrew
Minister in Charge
Public Sector Pensions



Regina, Saskatchewan
June 30, 1982

The Honourable Bob Andrew
Minister in Charge
Public Sector Pensions
Regina, Saskatchewan

Sir:

On behalf of the Public Employees Superannuation Board, I have the honour to present herewith the fifth Annual Report of the Public Employees (Government Contributory) Superannuation Plan for the fiscal year ended March 31, 1982.

Respectfully submitted,

Public Employees Superannuation Plan

Allan L. Palmer
Chairman/Executive Officer

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Operation of the Plan

Section 38 of the Superannuation (Supplementary Provisions) Act established the Public Employees (Government Contributory) Superannuation Plan as a new pension plan for public sector employees of the Government of Saskatchewan. The Plan represents a new direction in public service pensions by introducing the concept of money accumulation pension plans to the public service of Saskatchewan. The plan was introduced to better meet the needs of a more mobile work force as well as end increasing uncertainty over funding liabilities in existing pension plans.

Members of the Plan are required to contribute 5% of their salary to the Public Employees Superannuation Fund. A matching amount is contributed by the member's employer. Additional voluntary contributions are permitted but are not matched by the employer. The assets of the Fund are invested in high quality, long term investments to provide the best possible yield with minimum risk. The contributions are credited with interest as earned by the Fund and form the basis of the employee's retirement benefit. Employee contributions and interest are locked into the fund at the end of three years participation in the Plan. At the same time the employer share becomes vested with the member.

Earnings of the fund are distributed to members' accounts at the end of each fiscal year, with proportionate interest being credited on termination refunds or other benefits paid out during the year.

Reciprocal Agreements

The Supervisory Board may, subject to the approval of the Lieutenant Governor in Council, enter into reciprocal pension agreements with other public sector employers. These agreements provide a vehicle for employees to transfer superannuation credits (equity and service) to their new employer when changing jobs. Agreements are presently in effect between the Public Employees Superannuation Plan and the following plans:

- Government of Canada Superannuation Plan
- Crown Investments Corporation Superannuation Plan
- Saskatchewan Teachers' Superannuation Plan
- Municipal Employees Superannuation Plan
- Saskatchewan Government Insurance Superannuation Plan
- Saskatchewan Health Care Association Superannuation Plan
- Ontario Hospital Association

Negotiations are currently underway to execute agreements with other public sector employers.

Administration

Expenses associated with the administration of the Plan are not a charge upon the Fund but are paid out of monies appropriated by the Legislature for the purpose. During the 1981-82 fiscal year, the expenses of the operation were as follows:

— Personal Services	$198,225
— Contractual Services	100,089
— Materials and Supplies	3,978
	$302,292

During the year the Supervisory Board formally approved the administration of a number of additional programs by its staff. Those programs include the Group Life Insurance, Dental and the Long Term Disability Plans for the government as well as the Members of the Legislative Assembly Superannuation Plan and the Judges of the Provincial Court Superannuation Plan. Although the staff are responsible for the administration of these plans, the Supervisory Board itself has no involvement in, nor responsibility for the operation of the additional programs.

In accordance with Section 39 of the Act, the Plan is administered by a seven member Supervisory Board representing employees and participating employers. In 1981-82 Mr. Norm Stepan from Saskatchewan Telecommunications was replaced by Mrs. Arleen Hynd of Saskatchewan Power as the crown corporation representative. The Board wishes to thank Mr. Stepan for his years of contribution to the Plan and welcomes Mrs. Hynd.

The Board extends its appreciation to the staff of the Public Employees Superannuation Plan and to those persons within other Government departments, Agencies and Crown Corporations whose co-operation and assistance during the year has resulted in another successful year of operation for the Plan.

Chairman/Executive Officer

Allan L. Palmer

Representing Employees

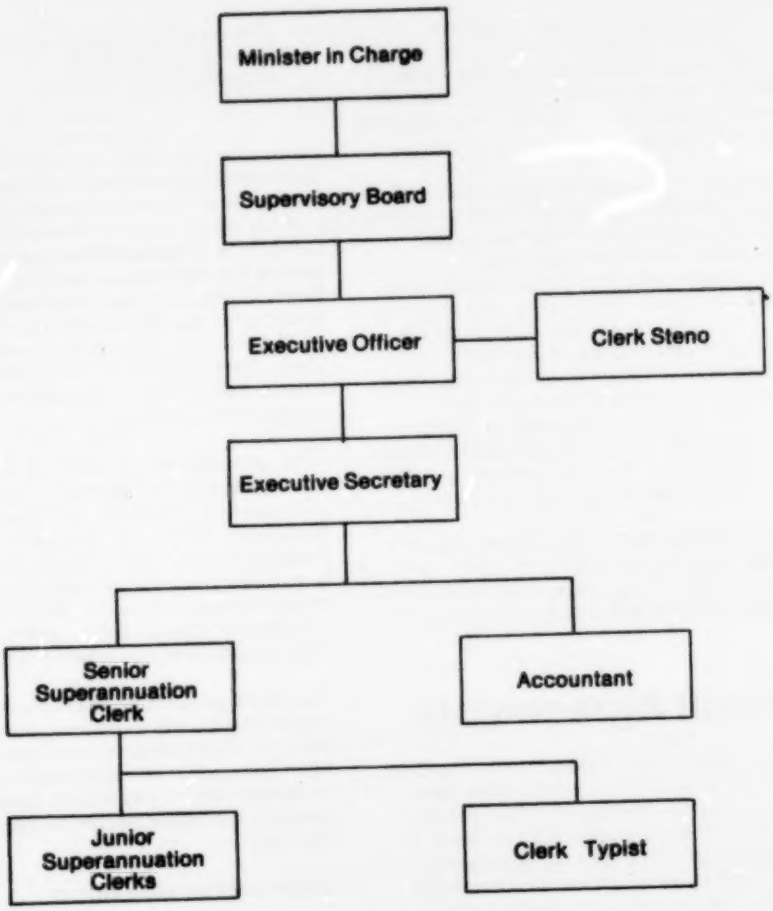
C. R. (Red) Pearce (I.B.E.W.)
John O. Hanson (S.G.E.U.)
Ray D. Bidwell (C.W.C.)

Representing Employers

George J. Todd (P.S.S. Board)
Dr. Hugh D. Walker (Health)
Arleen Hynd (Saskatchewan Power)

Public Employees (Government Contributory) Superannuation Fund

Organization Chart



Highlights of the 1981-82 Fiscal Year

1. The members' accumulated balances of the Public Employees Superannuation Fund rose from $47,012,792 at March 31, 1981 to $70,626,876 at March 31, 1982, a net increase of $23,614,084.

   Employee and employer contributions for the year totalled $20,033,022 compared with $14,745,049 the previous year. Another $558,911 was received through transfers under reciprocal agreements with other registered pension plans. In 1980-81 those transfers totalled $813,124. Investment earnings allocated to members' accounts during 1981-82 totalled $6,772,409, while the amount allocated for 1980-81 was $4,142,686.

   Termination refunds paid for 1981-82 were $3,162,647, reciprocal transfers out were $458,473, and death benefits totalled $85,962. In 1980-81 these amounts were $2,249,577, $486,863 and $52,842 respectively.

   Members' accounts totalling $40,758 were applied towards the purchase of annuity contracts administered by the Plan.

2. Membership in the Plan rose from 10,155 on March 31, 1981 to 12,462 on March 31, 1982 as shown in the following table:

Membership — March 31, 1981		10,155
Add:		
New Employees	3,875	
Transfers from Old Plan	—	
Reciprocal Transfers In	63	
Increase April 1, 1981 — March 31, 1982	3,938	
Less:		
Termination Refunds	1,569	
Death Benefits	14	
Reciprocal Transfers Out	37	
Retirements	11	
Decrease April 1, 1981 — March 31, 1982	1,631	
Total Increase in Plan Membership		2,307
Membership — March 31, 1982		12,462

3. Funds available for allocation to members accounts totalled $6,772,557. A 12.67% interest rate on contributions was declared by the Supervisory Board which allocated $6,772,409 to members accumulated balances.

4. On May 19, 1981 the Superannuation (Supplementary Provisions) Act was amended to allow non-permanent employees to voluntarily participate in the Public Employees Superannuation Plan.

5. On May 14, 1981 a reciprocal pension agreement was assigned with the Ontario Hospital Association. This agreement allows individuals to transfer their superannuation credits to the Public Employees Superannuation Plan from the Ontario Hospital Association Pension Plan.

Member Groups

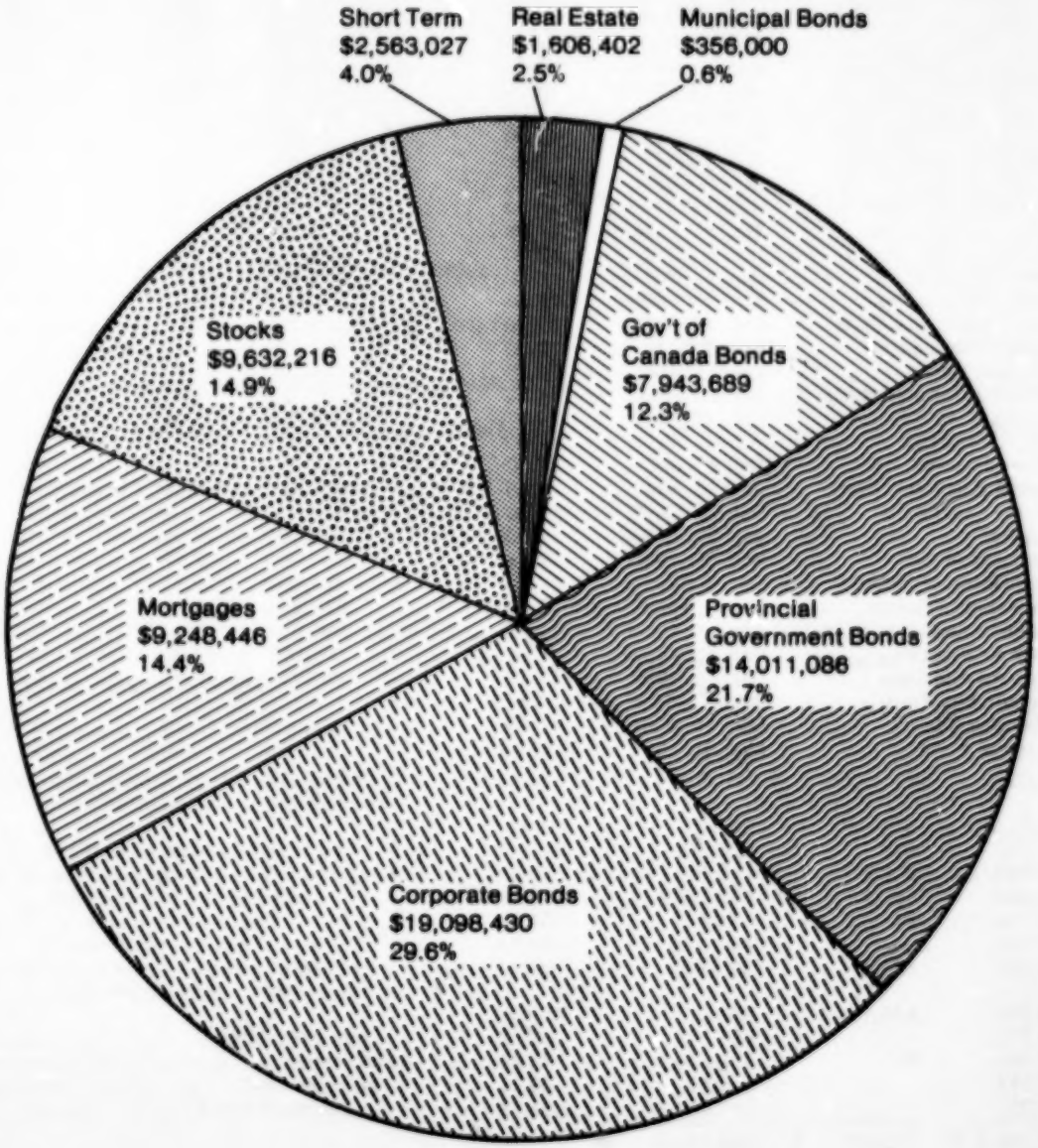
Members of the Plan represent a broad range of Saskatchewan public service employees. Agencies and the number of contributors to the plan are listed below:

	March 31 1982	March 31 1981
Agricultural Development Corporation	1	1
Alcoholism Commission of Saskatchewan	43	31
Battlefords Regional Care Centre	9	16
Crown Investments Corporation	2	2
* Extendicare/Saskatoon Sanatorium	25	–
Government of Saskatchewan	7,261	5,959
Meewasin Valley Authority	15	12
Milk Control Board	2	1
New Democratic Party Caucus Office	3	3
North Sask Electric	23	18
Palliser Hospital	1	1
Parkland Legal Assistance Society	1	1
Potash Corporation of Saskatchewan	2	2
Prairie Agricultural Machinery Institute	35	32
Provincial Senior Citizen's Council	6	7
Regina General Hospital	11	–
* Saskatchewan Anti-Tuberculosis League	11	51
Saskatchewan Arts Board	5	5
Saskatchewan Beef Stabilization Board	11	–
Saskatchewan Cancer Foundation	66	55
Saskatchewan Centre of the Arts	11	9
Saskatchewan Computer Utility Corporation	115	99
Saskatchewan Crop Insurance Corporation	47	48
Saskatchewan Economic Development Corporation	1	1
Saskatchewan FarmStart Corporation	43	37
Saskatchewan Health Research Board	3	2
Saskatchewan Hog Marketing Commission	6	6
Saskatchewan Hospital Services Plan	52	45
Saskatchewan Housing Corporation	108	75
Saskatchewan Land Bank Commission	17	14
Saskatchewan Liquor Board	124	105
Saskatchewan Liquor Licensing Commission	4	6
Saskatchewan Medical Care Insurance Commission	64	59
Saskatchewan Oil and Gas Corporation	1	1
Saskatchewan Power Corporation	1,203	924
Saskatchewan Prescription Drug Plan	32	27
Saskatchewan Telecommunications	2,038	1,701
Saskatchewan Transportation Company	2	2
Saskatoon Regional Community College	37	33
South Saskatchewan Hospital Centre	1	1
South Saskatchewan River Irrigation District	1	1
University of Saskatchewan	1	1
Wakamow Valley Authority	2	–
Wascana Centre Authority	54	46
Western Development Museum	28	30
Workers' Compensation Board	120	100
Total Active Employees	11,648	9,570
Inactive Employees	814	585
Total Employees	12,462	10,155

* Saskatchewan Anti-Tuberculosis League facility in Saskatoon was taken over by Extendicare

Investments

The assets of the Public Employees Superannuation Plan are invested through Saskatchewan Finance, Investment and Financial Services Branch. Investments are of high quality to yield the best possible return with minimum risk. This year the Plan has taken advantage of some opportunities in the investment field, that while slowing the increase in declared rates for this year, may have the effect of securing higher than normal rates in the future. Two of these opportunities are the purchase of convertible bonds and the investment in participating mortgages. When purchasing a convertible bond, the Plan has taken a lower rate of return in order to secure what may be an advantageous price on an equity. In a participatory mortgage the Plan has reduced the rate of return to secure an opportunity to purchase a portion of the real estate at a favourable price in the future. The investment portfolio at March 31, 1982 contained the following asets:



Public Employees (Government Contributory) Superannuation Fund
Schedule of Investment Transactions
Year Ended March 31, 1982

Bonds & Debentures Purchased	Maturity Date	Interest Rate %	Cost	% Yield	Par Value
Government of Canada	Feb. 1, 2001	15.75	$ 490,000	16.08	$ 500,000
Government of Canada	July 1, 2000	15.00	398,000	15.08	400,000
Government of Canada	Mar. 15, 2002	15.50	773,063	15.54	775,000
Province of Saskatchewan	Apr. 1, 2001	10.25	644,000	16.36	1,000,000
Province of Saskatchewan	June 2, 2000	11.75	396,183	15.90	526,000
Ontario Hydro	Aug. 30, 2008	9.50	771,500	15.56	1,250,000
Ontario Hydro	Jan. 6, 2004	9.25	281,250	16.81	500,000
Ontario Hydro	May 18, 2001	10.00	655,800	15.67	1,000,000
Ontario Hydro	Apr. 21, 2006	14.25	730,125	15.64	800,000
Ontario Hydro	Jan. 29, 2011	13.00	403,156	15.34	475,000
Ontario Hydro	May 21, 2000	10.25	310,100	17.04	500,000
Province of Ontario	Nov. 5, 2001	17.00	707,675	17.44	725,820
Ontario Hydro	Apr. 4, 2009	10.25	380,650	15.61	575,000
Ontario Hydro	Mar. 3, 1987	16.75	497,500	16.90	500,000
Province of Quebec	June 18, 1984	16.50	600,000	16.50	600,000
Bank of Commerce	Mar. 11, 1985	17.00	500,000	17.00	500,000
Toronto Eaton Centre	Apr. 1, 2000	10.00	60,952	15.75	93,000
Molson Industries	Oct. 1, 2000	8.50	564,125	10.64	750,000
Inland Natural Gas	Nov. 15, 1996	18.25	500,000	18.25	500,000
Gen. Motors Acc. Corp.	Nov. 15, 1985	17.75	500,000	17.75	500,000
Bank of Nova Scotia	Apr. 1, 2001	10.00	951,250	10.60	1,000,000
Simpson Sears	Apr. 1, 1996	14.75	585,500	15.17	600,000
Canadian Industries Ltd.	Apr. 15, 1996	14.50	469,375	15.625	500,000
Cominco Ltd.	Feb. 15, 1996	10.875	221,790	15.382	300,000
John Labatt Ltd.	June 1, 2001	11.00	499,000	11.026	500,000
Pitney Bowes	July 3, 1986	17.00	500,000	17.00	500,000
Toronto Dominion Bank	July 15, 1996	16.00	400,000	16.00	400,000
Walkers Home Oil	Dec 15, 1986	15.50	490,000	16.06	500,000
Roy Nat	July 29, 1986	17.00	500,000	17.00	500,000
Consumers' Gas	Nov. 30, 1996	17.75	350,000	17.75	350,000
Royal Bank of Canada	Dec. 9, 1991	12.1	1,481,500	12.77	1,500,000
Household Finance	Dec. 1, 1984	10.00	507,240	16.80	600,000
Trans Canada Pipelines	Dec. 20, 1996	18.00	500,000	18.00	500,000
Nova An Alta Corp.	Feb. 15, 1987	17.50	500,000	17.50	500,000
Nova An Alta Corp.	Feb. 15, 1997	17.75	793,750	17.85	800,000
Hudson Bay Prop.	June 15, 1997	9.875	274,635	17.10	450,000
Fiberglas Canada	Mar. 19, 1987	17.00	500,000	17.00	500,000
National Trust	Mar. 31, 1987	17.00	500,000	17.00	500,000
			$ 20,188,119		$ 22,969,820

Schedule of Investment Transactions

Bonds & Debentures Sold	Maturity Date	Interest Rate %	Received	Initial Cost	Par Value
Government of Canada	Oct. 1, 2001	9.50	$ 1,042,800	$ 1,385,758	$ $1,585,000
Government of Canada	Oct. 1, 2003	9.50	769,625	1,178,750	1,175,000
Government of Canada	May 15, 1997	9.25	308,750	475,000	500,000
Government of Canada	Feb. 1, 1984	9.75	484,050	472,028	525,000
Government of Canada	Dec. 15, 2000	9.75	286,125	419,969	425,000
Government of Canada	Feb. 1, 2004	10.25	1,669,250	2,518,625	2,525,000
Government of Canada	Oct. 1, 1989	10.00	483,470	637,125	650,000
Government of Canada	Oct. 1, 2004	10.50	167,500	235,625	250,000
Government of Canada	Dec. 1, 1999	13.50	453,750	495,000	500,000
Government of Canada	Oct. 1, 1984	12.50	475,000	493,750	500,000
Government of Canada	May 1, 2001	13.00	261,000	294,750	300,000
Government of Canada	Feb. 1, 2001	15.75	510,000	490,000	500,000
Government of Canada	July 1, 2000	15.00	400,000	398,000	400,000
Ontario Hydro	Apr. 21, 2006	14.25	651,280	730,125	800,000
Ontario Hydro	Mar. 3, 1987	16.75	521,250	497,500	500,000
Bell Canada	Oct. 15, 2004	11.00	177,500	250,000	250,000
			$ 8,661,350	$ 10,972,005	$ 11,385,000

Net Increase in Bonds and Debentures at Par Value	$ 11,584,820
Add Total as at March 31, 1981 at Par Value	34,407,000
Total Bonds and Debentures (Par Value) March 31, 1982	45,991,820
Less Unamortized Discount	4,582,614
Total Bonds and Debentures (at amortized cost) March 31, 1982	41,409,206
Total Bonds and Debentures (at amortized cost) March 31, 1981	32,046,419
Net Increase in Bonds and Debentures at Amortized Cost	$ 9,362,787

	Interest Rate %	Purchased	Disposed	Net
Insured Mortgages (at cost)				
Morguard Trust — Albert Square	10.875	$ —	15,200	$ (15,200)
Maritime Life Assurance — Forest Garden Estates	11.275	16,535	—	16,535
Bancorp Financial Ltd. — E. & E. Hauling	11.500	23,106	—	23,106
Toronto Dominion Bank — Sunrise Garden Apts.	12.900	20,798	—	20,798
Morguard Trust — Regina Market Mall	12.875	378,000	576	377,424
Montrose Mortgage Corp. — Denton Centre	11.875	700,000	3,370	696,630
Morguard Trust — Southgate Plaza	14.275	1,000,000	1,284	998,716
S.F.C. Services — Comox Apts.	19.40	451,494	10	451,484
Co-operative Trust — Hugh Garner	15.65	676,164	—	676,164
Co-operative Trust — Briarview Co-op	18.65	499,823	1,761	498,062
Montrose Mortgage Corp. — Westgate Bus. Park	11.875	610,000	1,424	608,576
Co-operative Trust — Innisfree Housing	20.65	277,765	—	277,765
Montrose Mortgage Corp. — Westfor Office	11.75	455,065	716	454,349
Bancorp Financial Ltd. — Birch Housing	21.90	244,328	—	244,328
Co-operative Trust — Frank Fairchild	21.40	130,215	—	130,215
		$ 5,483,293	$ 24,341	$ 5,458,952

Schedule of Investment Transactions

Corporate Shares (at cost)	Purchased	Disposed	Net
I. B. M.	$ 260,859	$ —	$ 260,859
Sunbeam	—	217,532	(217,532)
Eastman Kodak	—	189,048	(189,048)
Eastman Kodak	499,287	—	499,287
E. I. Dupont De Neimours	—	193,718	(193,718)
C. I. B. C. (common)	—	265,905	(265,905)
Canadian Utilities	—	250,000	(250,000)
Xerox Corp.	532,059	—	532,059
Canadian Dev. Corp.	744,122	—	744,122
Canadian Dev. Corp.	—	434,071	(434,071)
Canadian Dev. Corp.	280,592	—	280,592
C. I. B. C. "B" PFD	280,237	—	280,237
Bank of Montreal "A" PFD	500,000	—	500,000
Standard Broadcasting	230,047	—	230,047
B. C. Telephone (common)	600,000	—	600,000
Richardson Vicks Inc.	413,687	—	413,687
Simpson Sears "B"	210,559	—	210,559
Dupont Canada	222,307	—	222,307
Bell Canada	700,000	—	700,000
	$ 5,473,756	$ 1,550,274	$ 3,923,482

Real Estate Equity	Purchased	Disposed	Net
Pension Fund Realty — Lawson Heights	$ 626,098	—	$ 626,098
Pension Fund Realty — Coquitlam Centre	900,180	—	900,180
Pension Fund Realty — Development Series I	80,124	—	80,124
	$ 1,606,402	—	$ 1,606,402
Short Term Investments			
Transactions during year	$ 56,664,556	$ 56,102,791	$ 561,765

Summary of Investment Transactions (at cost)	1980-81 Net Increase	1981-82 Net Increase
Bonds and Debentures	$ 9,268,649	$ 9,362,787
Insured Mortgages	1,734,157	5,458,952
Corporate Shares	2,960,316	3,923,482
Real Estate Equity	—	1,606,402
Short Term	1,264,910	561,765
Total Investment Transactions	15,228,032	20,913,388
Investments Beginning of Fiscal Year (at cost)	28,317,877	43,545,909
Investments End of Fiscal Year (at cost)	$ 43,545,909	$ 64,459,297

Public Employees (Government Contributory) Superannuation Fund

Financial Statements

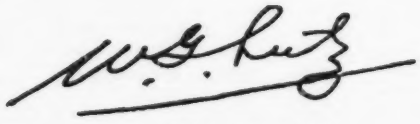
For the Year Ended March 31, 1982

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the statement of financial position of the Public Employees (Government Contributory) Superannuation Fund as at March 31, 1982 and the statements of changes in members' accumulated balances, accumulated provision for future annuities payable and unallocated fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1982 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the reclassification of financial information as explained in Note 5, on a basis consistent with that of the preceding year.



Regina, Saskatchewan
July 7, 1982.

W. G. Lutz, F.C.A.
Provincial Auditor.

Statement 1

Public Employees (Government Contributory) Superannuation Fund
Statement of Financial Position
As at March 31

	1982	1981
Assets		
Cash	$ 8,175	$ —
Contributions and transfers receivable	1,734,158	1,685,809
Accrued investment income	1,838,507	1,319,162
Investments (Note 3)	64,459,297	43,545,909
Unamortized loss on investments sold	3,104,788	868,649
	$ 71,144,925	$ 47,419,529
Liabilities and Fund Balance		
Liabilities:		
Bank indebtedness, including outstanding cheques	$ —	$ 22,377
Refunds, transfers and other payables	439,495	324,726
Members' accumulated balances (Statement 2) (Note 2)	70,626,876	47,012,792
Accumulated provision for future annuities payable (Statement 3) (Note 4 & 5)	86,014	45,033
	71,152,385	47,404,928
Fund Balance:		
Unallocated fund balance (Statement 4)	(7,460)	14,601
	$ 71,144,925	$ 47,419,529

(See accompanying notes)

Statement 2

Public Employees (Government Contributory) Superannuation Fund
Statement of Changes in Members' Accumulated Balances
Year Ended March 31

	1982	1981
Members' accumulated balances, beginning of year	$ 47,012,792	$ 30,135,653
Add:		
Employee and employer current contributions	20,033,022	14,745,049
Reciprocal transfers in	558,911	613,124
Earnings allocated to members (Statement 4)	6,772,409	4,142,686
	74,377,134	49,636,512
Deduct:		
Termination refunds	3,162,647	2,249,577
Lump sum retirement benefits	2,418	—
Death benefits	85,962	52,842
Transfers to accumulated provision for future annuities payable — to Statement 3	40,758	34,438
Reciprocal transfers out	458,473	486,863
	3,750,258	2,823,720
Members' accumulated balances, end of year	$ 70,626,876	$ 47,012,792

(See accompanying notes)

Statement 3

Public Employees (Government Contributory) Superannuation Fund
Statement of Changes in Accumulated Provision for Future Annuities Payable
Year Ended March 31

	1982	1981
Accumulated provision for future annuities payable, beginning of year (Note 5)	$ 45,033	$ 10,707
Add:		
Transfer of accumulated balances of members electing to have retirement annuities underwritten by the plan (Statement 2)	40,758	34,438
Earnings allocated (Statement 4)	7,608	2,557
	93,399	47,702
Deduct:		
Annuities paid	7,385	2,669
Accumulated provision for future annuities payable, end of year	$ 86,014	$ 45,033

(See accompanying notes)

Statement 4

Public Employees (Government Contributory) Superannuation Fund
Statement of Changes in Unallocated Fund Balance
Year Ended March 31

	1982	1981
Unallocated fund balance, beginning of year	$ 14,601	$ 31,134
Add:		
Investment earnings	6,757,956	4,128,710
	6,772,557	4,159,844
Deduct:		
Allocation of earnings to:		
— members' accumulated balances — to Statement 2	6,772,409	4,142,686
— accumulated provision for future annuities payable — to Statement 3	7,608	2,557
	6,780,017	4,145,243
Unallocated (overallocated) fund balance, end of year	$ (7,460)	$ 14,601

(See accompanying notes)

Public Employees (Government Contributory) Superannuation Fund
Notes to Financial Statements
March 31, 1982

1. **Significant Accounting Policies**

   a) **Description of Plan**

   The Superannuation (Supplementary Provisions) Act established the Public Employees (Government Contributory) Superannuation Plan effective October 1, 1977. It is a cost based pension plan for which specified contributions and interest earnings thereon are accumulated in the fund for the ultimate purpose of providing for a guaranteed life annuity for the contributor at the time of retirement. At the conclusion of three years' participation in the plan, all contributions and earnings thereon are permanently vested and locked in until the contributor's retirement or death.

   b) **Investments**

   The Public Employees Superannuation Fund records all investment transactions at cost.

   Premiums and discounts on bonds and debentures are amortized to earnings over the term of the security.

   Gains or losses on disposal of fixed income securities are deferred and amortized over the remaining term of the security sold.

   The investment portfolio of the Fund is managed by the Investment and Financial Services Branch of the Department of Finance.

   c) **Administrative Costs**

   In accordance with Section 39(4) of The Superannuation (Supplementary Provisions) Act all general administrative and employee costs required for the administration of the fund are paid out of the Consolidated Fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.

   d) **Reciprocal Transfers**

   Reciprocal agreements have been signed with other pension plans, setting forth conditions and procedures for the transfer of an individual's accumulated contributions and earnings to or from another pension plan following a change in employment. Such transfers into (out of) the Fund are recorded as receivable (payable) at the date on which an authorization for the transfer of funds is signed by the employee, provided that information is available to allow calculation of the amount to be transferred.

   e) **Transfers to Accumulated Provision for Future Annuities Payable**

   For those members who have elected to have their retirement annuities underwritten by the plan, the members' accumulated balance at the date of retirement is transferred to the accumulated provision for future annuities payable.

2. **Members' Accumulated Balances**

   This item represents the aggregate of employer and employee contributions together with proportionate earnings of the Fund as allocated at each fiscal year-end. Proportionate earnings are also allocated during the year in respect of termination refunds and other benefits based on the rate prevailing at the previous fiscal year-end. The portion of the accumulated balances which are vested, as explained in note 1(a), at the respective fiscal year ends is summarized below:

	1982	1981
Amount vested	$ 50,929,403	$ 30,804,831
Amount not vested	19,697,473	16,207,961
Total members' accumulated balances	$ 70,626,876	$ 47,012,792

Notes to Financial Statements

3. Investments

	1982		1981	
	Cost	Market Value	Cost	Market Value
Bonds and debentures, at par value:				
Government of Canada	$ 8,275,000	$ 6,057,217	$ 16,435,000	$ 12,821,478
Province of Saskatchewan	6,627,000	4,267,093	5,101,000	3,599,838
Other provinces and provincially guaranteed	10,615,820	7,329,410	4,990,000	3,594,145
Corporate	20,118,000	17,981,904	7,525,000	6,627,102
Municipal	356,000	327,313	356,000	354,633
Total bonds and debentures at par value	45,991,820	—	34,407,000	—
Less unamortized discounts	4,582,614	—	2,360,581	—
Total bonds and debentures at amortized cost	41,409,206	35,962,937	32,046,419	26,997,196
Real estate equities	1,606,402	1,606,402	—	—
Insured mortgages	9,248,445	7,863,940	3,789,494	3,515,036
Corporate shares	9,632,217	9,199,636	5,708,734	6,337,161
Short-term investments	2,563,027	2,563,027	2,001,262	2,001,262
	$ 64,459,297	$ 57,195,942	$ 43,545,909	$ 38,850,655

4. Accumulated Provision for Future Annuities Payable

The accumulated provision for future annuities payable represents the present value of the plan's future expected payment obligations in connection with those annuities underwritten by the plan, as explained in note 1(e). The present value is determined by discounting the expected payment stream by using an appropriate interest rate factor. Interest earnings are allocated to the provision based on the balance of the accumulated provision during the year. Annuities paid are charged against the accumulated provision.

The accumulated provision would normally be determined by actuarial evaluation. No such evaluation has been performed to date since it is not considered to be economical to evaluate such a new and small guaranteed life annuity operation. At the time of establishing each new annuity, actuarially determined factors are used to establish the monthly payment. The assumptions used in the above determinations are still considered to be valid for those annuities and accordingly the accumulated provision for future annuities payable recorded is considered a reasonable estimate of the actuarial value of the obligation.

5. Reclassification of Financial Information

a) Accumulated Provision for Future Annuities Payable

The accumulated provision for future annuities payable has been reclassified as a liability of the Fund rather than being presented as a component of the fund balance, as reflected in the previous year's financial statements. Since no distinct fund has been formally established, the current presentation is considered to be the most appropriate. Comparative figures have been restated to conform with the revised method of presentation.

b) Investment Earnings Allocated to the Accumulated Provision for Future Annuities Payable

Starting in 1982 an allocation of investment earnings has been made to the accumulated provision for future annuities payable using the same method and rate as is used in the allocation to the members' accumulated balances account. This policy has been applied retroactively and the financial statements have been restated accordingly. The April 1, 1980 opening balance of the accumulated provision has been increased by $1,052 which represents the retroactive interest allocation for 1980.